

CATEGORY: Stormwater Grant Eligibility

ISSUE: Stormwater funding for grant (and loan) projects

BACKGROUND

Municipalities NOT under Phase I or II Stormwater Permit

Currently stormwater facilities are loan eligible only (except in the case of hardship) for municipalities whether under permit or not. These stormwater facility projects include: storm water quality control, treatment, installation, or rehabilitation necessary to protect surface and ground water (WAC 173-95A-060-7e). For municipalities not under permit, stormwater activity projects are eligible for loan or grant funding if they directly address water quality improvements. Examples are projects for:

- Education and communication.
- Establishment of stormwater utilities.
- Land use planning.
- Conducting inventories of stormwater sources, including illicit discharges.
- Mapping and geographic information system of stormwater sources.
- Source control activities, such as source tracing, source control inspections and storm drain stenciling.
- Erosion control projects involving riparian plantings.
- Developing new stormwater regulations or reviewing and revising existing local stormwater regulations

Municipalities under Phase I or II Stormwater Permit

For municipalities under stormwater permit, stormwater facility projects are loan eligible only, as stated above. However, the eligibility of stormwater activity projects for grants changes. PMT has decided by policy that, once an entity is under an NPDES permit, stormwater projects required by permit are no longer eligible for grants. Also the FY 2007 Guidelines states: “Stormwater utilities have a revenue base from which loans can be repaid” (pg 46).

For waterbodies covered by a TMDL, The Phase II Municipal Stormwater Permit adopts the TMDL actions as requirements, which then become ineligible for grant funding. Many of these activities, such as education and outreach programs (see bulleted list above), have been traditionally funded by grants. The Phase II Municipal Stormwater Management Grant Program for FY 2006 does provide seed money for phase II communities. However, it is limited in amount and is likely a one-time program -- unless the legislature sees fit to provide a second round of funding.

Question

1. Should municipalities under Phase I or II Stormwater Permits be eligible for grant funding for non-facility needs; e.g. education and outreach, storm drain stenciling, etc (see bulleted list above)?

- Permittees could have a real hardship from eliminating grant funding. To address this issue, we could provide hardship grants to qualifying permitted communities for stormwater projects. The criteria for hardship (yet to be defined) would be somewhat different for stormwater projects than for sewage treatment plant projects. This funding would come from the 2/3rds of grant funding designated for hardship.

Restoring grant funding to permittees would encourage TMDL implementation, which is what we want to do and arguably one of our highest priorities.

Pros:

- The grant funding could assist some of the smaller municipalities and secondary permittees with complying with the Phase I or II Permit. Some issues.
- Grant funding would encourage applicants to address stormwater problems with projects that they may be reluctant to fund with loans.

Cons:

- If municipalities are under Phase I or II Stormwater Permit, then they have or should have a fee structure to support the utility. Secondary Permittees should also have a fee structure to support their programs.
- Permitted activities are not eligible for EPA grant funding and cannot be used to match Ecology's 319 water quality grant. Finding enough eligible projects to meet 319 matching requirements has become difficult. Allowing Centennial grant funding of permitted activities would increase this problem.
- If permittees were eligible for grant money, that could take money away from other fundable projects.

Recommendations:

- The rule should not allow permitted entities to apply for grants to do stormwater projects. *Besides program consistency, the main rationale for this recommendation is we need to ensure grants go to projects that we could use as match for our 319 grant from EPA.*
- To address the potential impacts on Phase II communities, we should provide hardship grants to qualifying communities for stormwater projects. The criteria for hardship would be somewhat different for stormwater projects than for sewage treatment plant projects, and would be similar to the Phase II grant funding analysis used for the FY06 projects. This funding would come from the percentage of grant funding designated for hardship.

- Non-permitted entities (such as non-profit organizations or conservation districts) may apply to do stormwater projects that go above and beyond stormwater permit requirements, but these projects should not count toward the jurisdiction's permit compliance.